

Lewis Central CSO/EA
IN THE MATTER OF THE ARBITRATION

2007-2008
CEO: 373
SECTOR: 1

LEWIS CENTRAL COMMUNITY
SCHOOL DISTRICT

and

Lewis Central CSO/EA
CEO # 373/1

LEWIS CENTRAL EDUCATION
ASSOCIATION

Appearances:	For the Association:	John Phillips Unisev Director
	For the City:	Donald C. Hoskins, Esq Brian L. Gruhn, Esq

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DECISION AND AWARD

The undersigned was selected by the parties through the procedures of the Iowa Public Employment Relations Board. A hearing was held in the above matter on March 28, 2008 in Council Bluffs, Iowa. Prior to the hearing the parties entered into an Agreement waiving the Statutory Deadlines. They further agreed at the hearing that the Arbitrator's Decision would not be due until June 20, 2008 and that they would use a single arbitrator rather than a three-member panel. The parties were then given the full opportunity to present testimony and evidence. The arbitrator has considered the testimony, exhibits and arguments of the parties.

BACKGROUND

The Lewis Central School District is located in Southwest Iowa. The Lewis Central Education Association represents the teachers employed by the District. There are 194 Full Time Equivalent Employees. 122 of those have a Masters Degree.

The parties resolved all of the issues in their negotiations, except one. That issue involves wages. The proposals of the parties on the outstanding issue are:

Wages

District:	Starting Base Salary 2008-2009 School Year	\$26,900
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Association:	Starting Base Salary 2008-2009 School Year	\$27,000
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The current base salary is \$26,050. Thus, the Association proposes a \$950 increase and the District proposes an \$850 increase to the base. Obviously, the increase is greater for those on the succeeding steps of the salary schedule.

The parties are in agreement as to the costs involved for each of their proposals. The total increase in labor costs under the Association proposal for School Year 2008-09 would be \$703,308 and under the District Proposal it would be \$663,536. The difference is \$39,770. If just salary increases, including step increases were considered, the difference is \$33,659. In percentage terms, it would be a 3.65% increase in the base under the Association proposal and a 3.3% increase under the Districts.

DISCUSSION

The Arbitrator must under the Statute accept one party's proposal or the other. Section 22.9 of the Act lists several criteria that the Arbitrator must consider in deciding which proposal to accept. They include a consideration of

past bargaining between the parties; a comparison of the wages and working conditions for the involved employees with those performing similar work in other jurisdictions; the interests of the public; and "the power of the public employer to levy taxes and appropriate funds for the conduct of its operations." The Arbitrator shall begin with a comparison with other jurisdictions. Wages shall be compared first and then the Arbitrator will look at the cost of the total package and the new money available to this District versus the others. New money is based on the increase in enrollment the current school year over the previous one.

External Comparables-Wages

The Association has provided a list of School Districts it believes is of comparable size to this District. The student enrollment for the current school year was 2,559. The Association has proposed using 20 School Districts that are closest in size of enrollment to this District as comparables. It has chosen those Districts that are ten above and ten below this District's enrollment. They are in size order; Bettendorf, Fort Dodge, Mason City, College, Pleasant Valley, Newton, Indianola, Urbandale, North Scott, Western Dubuque, Oskatoosa, Fort Madison, Norwalk, Keokuk, Boone, Pella, Le Mars, Mount Pleasant, Glenwood and Knoxville. The District instead proposes the five Districts that are above and below this District as comparables. This is the same method that was used by Arbitrator Michelstetter back in 1992 in a dispute between these same parties. The District's list would exclude Bettendorf through Pleasant Valley and Knoxville through Pella. There has also been a suggestion by both sides that the Hawkeye Ten Athletic Conference could be utilized. The Arbitrator rejects that suggestion. This District is the largest District in the Conference.

One District in the Conference is barely one-third the size of this District. They are not true comparables and for that reason the Arbitrator will not utilize information from those Schools in his analysis. Information on the wages, wage increases and total package cost increases for all the Districts in the State were also provided to the Arbitrator. While the employees in District's throughout the State do perform "comparable work" to the employees here, the Districts themselves are not all comparable given the variations in size. The Arbitrator finds that the only meaningful way to compare what is proposed here to what was done elsewhere is to use those Districts that are similarly situated to this District in terms of size. Therefore, the Arbitrator shall look at the proposals of the parties using both the 20 school and 10 school lists suggested by the Parties. Interestingly, as will be seen, the list proposed by the District actually had higher increases than the list proposed by the Association. Furthermore, three of the ten schools suggested by the District have not yet settled. Thus, their list only comprises seven schools. Nevertheless, the Arbitrator has summaries for both suggested groups.

The Arbitrator has prepared a chart showing the dollar and percentage increase in wages that were agreed upon in the comparables that have settled their agreements for 2008-09. The chart also shows the percentage increase in total labor costs for those Districts and their allowable growth per Statute based on their increase in enrollment in the 2007-08 School Year.¹

¹ The exhibits offered by each party did not show the same increase in either wages or total package for some of the Comparables. Thus, the figures in the chart may vary from those in one side's exhibits or the others.

<u>Name</u>	<u>Dollar Inc.</u>	<u>%age Inc.</u>	<u>Package Inc</u>	<u>RPI</u>
Bettendorf	\$ 850	4.15%	4.76%	4.15%
Fort Dodge	\$ 450	2.63%	4.58%	2.63%
Mason City	\$1175	2.82%	5.20%	2.82%
College	\$1150	7.32%	5.20%	7.32%
Pleasant Valley	\$1165	7.96%	5.66%	7.96%
Newton	\$ 746	3.93%	4.30%	3.9%
Indianola	\$2125	2.50%	4.81%	2.50%
Urbandale	\$1058	5.94%		5.94%
North Scott	\$ 800	3.91%		3.91%
Western Dubuque	\$ 435	5.25%		5.25%
Oskaloosa	Not Settled			
Fort Madison	Not Settled			
Norwalk	\$1550	6.76%	6.01%	3.57%
Keokuk	\$ 875	2.93%		2.93%
Boone	Not Settled			
Pella	\$ 600	4.30%	4.24%	7.96%
Le Mars	\$ 590	1.00%		1.00%
Mount Pleasant	\$1100	6.53%		3.93%
Glenwood	\$1000	5.04%	5.00%	4.69%
<u>Knoxville</u>	<u>\$ 625</u>	<u>2.93%</u>	<u>5.05%</u>	<u>2.62%</u>
Average(10+ 10)	\$ 958.47	4.16%	4.98%	4.30%
Average (5 +5)	\$1084.14	4.46%		4.00%
Assn. Proposal	\$950.00	3.60%	6.01%	6.52%
District Proposal	\$850.00	3.30%	5.67%	6.52%

The chart would indicate looking at just the basic wage increase that the proposal of the Association would be closer to the average than the District's in both dollars and percentage. There is no variation or change in its ranking no matter which proposal was adopted. That is because the difference in the wage proposals is so small.²

The new money available to this District this coming year was greater than the average and among the highest of the comparables. Arbitrator Madison in Van Meter School District earlier this year noted: "new money may be

² As already noted, the Parties provided considerable data for every District in the State showing their increases. For the reasons already noted the discussion here will only center on those Districts that that the Arbitrator has found are comparable.

considered a relevant factor under Section 22.9 of the Act.”³ Thus, the figures in the chart are relevant and would standing alone support the Association position since the District’s new money is well above the average.

The District, however, correctly points out that the figures on the chart only reflect a snapshot in time. It shows what happened in one single year. The District notes that while it has more new money available to it for the coming school year, historically it has not gained at all. It has roughly the same dollars per pupil that it had several years ago. In fact, the higher enrollment this year simply offsets the decrease in student enrollment from the prior School Year. This historical perspective must be considered when balancing the wages increases given by the comparables and proposed here with the available new money for each. When that is done, what appears to be new money for this District may not be new at all, but simply a return of old money.⁴

External Comparables-Total Package

The District argues that even more important than the above for the Arbitrator to consider is the fact that the District’s insurance costs have risen dramatically and have risen at a far greater rate than has been true in the comparables. The cost of insurance per employee will increase \$708 in the next school year. As the District notes, roughly one-half of the schools Statewide that have settled their agreements for the coming school year had either no increase in insurance cost or a very small increase. What is more important to the Arbitrator on this issue is that many of the comparables actually saw a

³ She limited her review to a comparison with the Districts she found comparable and rejected an argument that looking at those with the highest increase was warranted. This comports to this Arbitrator’s conclusion that only the comparables should be used in the analysis.

⁴ Of course, the amount paid by the State per pupil changes over time so there may be more dollars received in a year even though the enrollment went down.

decrease in premiums for 2008-09 while this District has gone significantly in the other directions.

The Association attempts to counter the above by arguing that insurance was resolved at the bargaining table and there was no indication given at the table that in this proceeding insurance would be tied to the wage proposals. It believes the wage proposals must be treated independently. The Arbitrator must disagree with that premise. He must be cognizant of overall cost increases when evaluating the proposals, and health insurance is certainly a major component of overall cost. While the basic wage increase is the issue here, it is not taken in a vacuum, especially where the increase in insurance is as dramatic as it is. The Arbitrator when he reviewed the insurance figures saw that some of the comparables, like Bettendorf will actually pay less next year than this year. Thus, the higher percentage wage increase they gave may reflect those lower insurance costs. Their total package is actually less than either side proposed here.

Arbitrator Michelstetter in the case before him in 1992 noted there was disagreement among the parties as to the relevance of total package costs as opposed to simply looking at the wage increase alone. He concluded that he should compare total package costs in reaching his decision, and not be confined to simply a review of wages alone. If the Arbitrator did that, then the District's total package under its offer is above the average and thus would be sufficient to justify acceptance of its proposal.

Summary

If the Arbitrator were to compare only base wage increases in the comparables with the base wage increase here, the Association would prevail.

However, as has just been discussed that is not how it has been done in this State. Instead, total labor cost increases must also be compared. Both comparisons are then weighed against the available new money to see whether a higher increase in a particular district is warranted. The District here has shown that the total increase in cost under either proposal will already eat up all of the gain in new money. That fact more than explains why the District made the proposal that it did and the overall data, despite the large increase in new money supports that proposal. The Arbitrator, therefore, finds that when considering all of the above that the comparables favor the District's proposal.⁵

Past Collective Bargaining Contracts

One of the others factors the Arbitrator must consider is the past bargaining history of the parties. Since 1999, the average annual increase in the base was \$533 or 3.3%. The average percentage of new money during that same time period was 3%. The highest increase in any year was \$925 in 2000-01. 5.2% of new money was available that year. Two years showed no increase in base pay.⁶ Available new money in those years was .7% and 1.8%. 2006 showed the greatest increase in new money. It increased by 7.4% and the base wage increased \$875 that year. This school year the base increased \$550 while new money only increased by 1.5%. Similarly, the base increased by \$800 in 2002-03 while available new money increased by only 1.2%. The District points out that the Association here is looking for its biggest increase ever, even though the percentage of new money is not the highest ever. It would be the second highest percentage of new money.

⁵ Like Arbitrator Madison this Arbitrator agrees new money is a relevant factor. However, an increase in any single year is not the deciding factor. It is simply one of the factors to evaluate.

⁶ In 2001-02 the Association shows a \$535 increase in the base where the District shows none.

The Arbitrator is struck by several contrasting facts in reviewing these figures. In the current school year employees received a \$550 increase in a year when the percentage increase in new money was only 1.5%. That would seem to indicate that wage increases and available new money do not always dovetail together. What occurred in 2002-03 is yet further indication that this is so. The \$800 wage increase bears no relationship to the small increase in new money that year, although the fact that the employees got no increase in 2001-02 might help explain in part this dichotomy.

The Association has argued that there is an automatic nexus between new money and wage increases. The Arbitrator after reviewing the history of the Parties can find no clear discernible pattern that would tie dollar increases to the percentage of new money available in any given year in this School District. To the Arbitrator, the most relevant fact is that the Association is seeking its largest increase ever for 2008-09 following three years where the average wage increase was \$750 per year at a time when the available new money was nowhere near that amount.

The average wage increase in terms of percentage over the last 10-year span was 3.03%. This is compared to the average increase in new money for this same period of 3%. Adding in 2008-09 makes the average increase in wages under the Association proposal 3.08% and 3.05% under the District's. The average increase in new money for that period is coincidentally also 3.05%.

These figures demonstrate to the Arbitrator that the proposal of the District better follows the bargaining history than does the Associations. Based on that, the Arbitrator finds that this factor favors the District's proposal.

Power to Levy Taxes

The difference in cost between the two proposals is small. The \$39,000 difference in cost represents roughly .034% of the total labor costs of 2007-08 and less than that percentage in 2008-09. Therefore, the power to levy taxes is not impacted by this small disparity in costs. This factor is not relevant in this dispute.

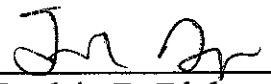
CONCLUSION

The Arbitrator has evaluated all of the applicable criteria. In doing so, he finds that the proposal of the District is favored and should be adopted. The large increase in insurance has tipped the scales too far toward the District's proposal for the Association to overcome that notwithstanding any other facts that might have under different circumstances tipped the scales their way.

AWARD

The Award of the District shall be included in the Party's 2008-09 Agreement.

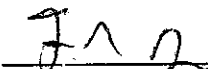
Dated June 19, 2008


Fredric R. Dichter,
Arbitrator

Certification of Service

I, Fredric R. Dichter, hereby certify that a complete copy of my Decision and Award was served on the Representatives of each party on June 18, 2008.

Dated: June 18, 2008



Fredric R. Dichter

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